

**BOROUGH OF ORWIGSBURG
FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT
DECEMBER 31, 2011**

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BALANCE SHEET December 31, 2011

		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue	Capital Projects	Debt Service
ASSETS AND OTHER DEBITS					
100-120	Cash and Investments	58,428	892,333		82,138
140-144	Tax Receivable				
121-149	Accounts Receivable (excluding taxes)				
130	Due From Other Funds		57,760		
150-159	Other Current Assets	2,965			
160-169	Fixed Assets				
180-199	Other Debits				
TOTAL ASSETS AND OTHER DEBITS		\$ 61,393	\$ 950,093	\$ -	\$ 82,138

LIABILITIES AND OTHER CREDITS

210-229	Payroll Taxes and Other Payroll Withholdings				
200-239	All Other Current Liabilities	16,577			
230	Due To Other Funds	20,000			
260-269	Long Term Liabilities				
240-259	Current Portion Long-Term Debt & Other Credits				
TOTAL LIABILITIES AND OTHER CREDITS		\$ 36,577	\$ -	\$ -	\$ -

FUND AND ACCOUNT GROUP EQUITY

281-284	Contributed Capital				
290	Investment in General Fixed Assets				
270-289	Fund Balance/Retained Earnings 12/31	24,816	950,093		82,138
291-299	Other Equity				
TOTAL FUND AND ACCOUNT GROUP EQUITY		\$ 24,816	\$ 950,093	\$ -	\$ 82,138

BALANCE SHEET December 31, 2011

		PROPRIETARY FUNDS	FIDUCIARY	ACCOUNT GROUPS	TOTAL		
		Enterprise	Internal Service	Trust & Agency	General Fixed Assets	Gen Long Term Debt	Memorandum Only
ASSETS AND OTHER DEBITS							
100-120	Cash and Investments	459,811		2,759			1,495,469
140-144	Tax Receivable						-
121-149	Accounts Receivable (excluding taxes)						-
^130	Due From Other Funds						57,760
150-159	Other Current Assets	3,007					5,972
160-169	Fixed Assets	5,376,613					5,376,613
180-199	Other Debits					4,114,657	4,114,657
TOTAL ASSETS AND OTHER DEBITS		\$ 5,839,431	\$ -	\$ 2,759	\$ -	\$ 4,114,657	\$ 11,050,471

LIABILITIES AND OTHER CREDITS							
210-229	Payroll Taxes and Other Payroll Withholdings			1,584			1,584
200-239	All Other Current Liabilities	721		1,175			18,473
^230	Due To Other Funds	37,760					57,760
200-269	Long Term Liabilities	4,276,006				4,114,657	8,390,663
240-259	Current Portion Long-Term Debt & Other Credits						-
TOTAL LIABILITIES AND OTHER CREDITS		\$ 4,314,487	\$ -	\$ 2,759	\$ -	\$ 4,114,657	\$ 8,468,480

FUND AND ACCOUNT GROUP EQUITY							
281-284	Contributed Capital						-
^-290	Investment in General Fixed Assets						-
270-289	Fund Balance/Retained Earnings 12/31	1,524,944					2,581,991
291-299	Other Equity						-
TOTAL FUND AND ACCOUNT GROUP EQUITY		\$ 1,524,944	\$ -	\$ -	\$ -	\$ -	\$ 2,581,991

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY

\$ 11,050,471

STATEMENT OF REVENUES AND EXPENDITURES December 31, 2011

REVENUES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue	Capital Projects	Debt Service
TAXES					
301.00	Real Estate Taxes	185,686			
305.00	Occupation Taxes/ Levies under Municipal Code				
308.00	Residence Taxes/Levied by Cities 3rd Class				
309.00	Regional Asset District Sales Tax				
310.00	Per Capita Taxes	18,184			
310.10	Real Estate Transfer Taxes	30,381			
310.20	Earned Income/Wage Taxes	345,987			
310.30	Business Gross Receipts Tax				
310.40	Occupation Taxes/Act 511	5,164			
310.50	Local Services Tax	65,063			
310.60	Amusement/Admission Taxes				
310.70	Mechanical Device Taxes				
310.90	Other Local Enabling Act/Act 511/Taxes				
TOTAL TAXES		\$ 650,465	\$ -	\$ -	\$ -

LICENSES AND PERMITS					
320-322	All Other Licenses and Permits	1,465			
321.80	Cable Television Franchise Fees	49,947			
TOTAL LICENSES AND PERMITS		\$ 51,412	\$ -	\$ -	\$ -

FINES AND FORFEITS					
330-332	Fines and Forfeits	16,563			
TOTAL FINES AND FORFEITS		\$ 16,563	\$ -	\$ -	\$ -

341.00	Interest Earnings		2,756		208
342.00	Rents and Royalties	17,177			
TOTAL INTEREST, RENTS AND ROYALTIES		\$ 17,177	\$ 2,756	\$ -	\$ 208

STATEMENT OF REVENUES AND EXPENDITURES December 31, 2011

REVENUES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
		Enterprise	Internal Service	Trust and Agency	Memorandum Only
TAXES					
301.00	Real Estate Taxes				185,686
305.00	Occupation Taxes/ Levies under Municipal Code				-
308.00	Residence Taxes/Levied by Cities 3rd Class				-
309.00	Regional Asset District Sales Tax				-
310.00	Per Capita Taxes				18,184
310.10	Real Estate Transfer Taxes				30,381
310.20	Earned Income/Wage Taxes				345,987
310.30	Business Gross Receipts Tax				-
310.40	Occupation Taxes/Act 511				5,164
310.50	Local Services Tax				65,063
310.60	Amusement/Admission Taxes				-
310.70	Mechanical Device Taxes				-
310.90	Other Local Enabling Act/Act 511/Taxes				-
					-
					-
					-
					-
					-
TOTAL TAXES		\$ -	\$ -	\$ -	\$ 650,465

LICENSES AND PERMITS					
320-322	All Other Licenses and Permits				1,465
321.80	Cable Television Franchise Fees				49,947
TOTAL LICENSES AND PERMITS		\$ -	\$ -	\$ -	\$ 51,412

FINES AND FORFEITS					
330-332	Fines and Forfeits				16,563
TOTAL FINES AND FORFEITS		\$ -	\$ -	\$ -	\$ 16,563

INTEREST, RENTS AND ROYALTIES					
341.00	Interest Earnings	3,921			6,885
342.00	Rents and Royalties				17,177
TOTAL INTEREST, RENTS AND ROYALTIES		\$ 3,921	\$ -	\$ -	\$ 24,062

STATEMENT OF REVENUES AND EXPENDITURES December 31, 2011

INTERGOVERNMENTAL REVENUES		GOVERNMENTAL FUNDS			
FEDERAL		General Fund	Special Revenue	Capital Projects	Debt Service
351.03	Highways and Streets				
351.09	Community Development				
351.00	All Other Federal Grants				
352.01	National Forest				
352.00	All Other Federal Shared Revenue and Entitlements				
353.00	Federal Payments in Lieu of Taxes				
TOTAL FEDERAL		\$ -	\$ -	\$ -	\$ -

STATE					
354.03	Highways and Streets				
354.09	Community Development				
354.15	Recycling/Act 101				
354.00	All Other State Capital and Operating Grants	328,212			
355.01	Public Utility Realty Tax (PURTA)	855			
355.02	Motor Vehicle Fuel Tax and State Road Turnback		76,968		
355.04	Alcoholic Beverage Licenses	1,000			
355.05	General Municipal Pension System State Aid	85,552			
355.07	Foreign Fire Insurance Tax Distribution	30,179			
355.08	Local Share Assessment/Gaming Proceeds				
355.00	All Other State Shared Revenues and Entitlements				
356.00	State Payments in Lieu of Taxes				
TOTAL STATE		\$ 445,798	\$ 76,968	\$ -	\$ -

LOCAL GOVERNMENT UNITS					
357.03	Highways and Streets				
357.00	All Other Local Government Unit Capital and Operating Grants				
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services	8,612			
359.00	Local Government Unit and Authorities Payments in Lieu of Taxes				
TOTAL LOCAL GOVERNMENT UNITS		\$ 8,612	\$ -	\$ -	\$ -

STATEMENT OF REVENUES AND EXPENDITURES December 31, 2011

INTERGOVERNMENTAL REVENUES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
FEDERAL		Enterprise	Internal Service	Trust and Agency	Memorandum Only
351.03	Highways and Streets				-
351.09	Community Development				-
351.00	All Other Federal Grants				-
352.01	National Forest				-
352.00	All Other Federal Shared Revenue and Entitlements				-
353.00	Federal Payments in Lieu of Taxes				-
TOTAL FEDERAL		\$ -	\$ -	\$ -	\$ -

STATE					
354.03	Highways and Streets				-
354.09	Community Development				-
354.15	Recycling/Act 101				-
354.00	All Other State Capital and Operating Grants				328,212
355.01	Public Utility Realty Tax (PURTA)				855
355.02	Motor Vehicle Fuel Tax and State Road Turnback				76,968
355.04	Alcoholic Beverage Licenses				1,000
355.05	General Municipal Pension System State Aid				85,552
355.07	Foreign Fire Insurance Tax Distribution				30,179
355.08	Local Share Assessment/Gaming Proceeds				-
355.00	All Other State Shared Revenues and Entitlements				-
356.00	State Payments in Lieu of Taxes				-
TOTAL STATE		\$ -	\$ -	\$ -	\$ 522,766

LOCAL GOVERNMENT UNITS					
357.03	Highways and Streets				-
357.00	All Other Local Government Unit Capital and Operating Grants				-
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services				8,612
359.00	Local Government Unit and Authorities Payments in Lieu of Taxes				-
TOTAL LOCAL GOVERNMENT UNITS		\$ -	\$ -	\$ -	\$ 8,612

TOTAL INTERGOVERNMENTAL REVENUES					\$ 531,378
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STATEMENT OF REVENUES AND EXPENDITURES December 31, 2011

REVENUES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue	Capital Projects	Debt Service
CHARGES FOR SERVICES					
361.00	General Government	3,622			
362.00	Public Safety	8,585			
363.20	Parking				
363.00	All Other Charges for Highways & Street Service	15,899			
364.10	Wastewater/Sewage Charges				
364.30	Solid Waste Collection & Disposal Charge		294,322		
364.60	Host Municipality Benefit Fee for Solid Waste Facility				
364.00	Other Charges for Sanitation Services		5,573		
365.00	Health				
366.00	Human Services				
367.00	Culture and Recreation		300		
368.00	Airports				
369.00	Bars				
370.00	Cemeteries				
372.00	Electric System				
373.00	Gas System				
374.00	Housing System				
375.00	Markets				
377.00	Transit Systems				
378.00	Water System				
379.00	All Other Charges for Service				
TOTAL CHARGES FOR SERVICES		\$ 28,106	\$ 300,195	\$ -	\$ -

UNCLASSIFIED OPERATING REVENUES

383.00	Assessments				
386.00	Escheats (sale of personal property)				
387.00	Contributions and Donations from Private Sectors		14,100		
388.00	Fiduciary Fund Pension Contributions				
389.00	All Other Unclassified Operating Revenues	2,415			
TOTAL UNCLASSIFIED OPERATING REVENUES		\$ 2,415	\$ 14,100	\$ -	\$ -

OTHER FINANCING SOURCES

391.00	Proceeds of General Fixed Asset Distribution				
392.00	Interfund Operating Transfers	31,376	50,880		13,880
393.00	Proceeds of General Long-Term Debt				
394.00	Proceeds of Short-Term Debt				
395.00	Refunds of Prior Year Expenditures				
TOTAL OTHER FINANCING SOURCES		\$ 31,376	\$ 50,880	\$ -	\$ 13,880

TOTAL REVENUES		\$ 1,251,924	\$ 444,899	\$ -	\$ 14,088
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STATEMENT OF REVENUES AND EXPENDITURES December 31, 2011

REVENUES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
		Enterprise	Internal Service	Trust and Agency	Memorandum Only
CHARGES FOR SERVICES					
361.00	General Government				3,622
362.00	Public Safety				8,585
363.20	Parking				-
363.99	All Other Charges for Highways & Street Service				15,899
364.10	Wastewater/Sewage Charges	776,597			776,597
364.30	Solid Waste Collection & Disposal Charge				294,322
364.60	Host Municipality Benefit Fee for Solid Waste Facility				-
364.00	Other Charges for Sanitation Services				5,573
365.00	Health				-
366.00	Human Services				-
367.00	Culture and Recreation				300
368.00	Airports				-
369.00	Bars				-
370.00	Cemeteries				-
372.00	Electric System				-
373.00	Gas System				-
374.00	Housing System				-
375.00	Markets				-
377.00	Transit Systems				-
378.00	Water System	749,295			749,295
379.00	All Other Charges for Service				-
TOTAL CHARGES FOR SERVICES		\$ 1,525,892	\$ -	\$ -	\$ 1,854,193

UNCLASSIFIED OPERATING REVENUES					
383.00	Assessments				-
386.00	Escheats (sale of personal property)				-
387.00	Contributions and Donations from Private Sectors				14,100
388.00	Fiduciary Fund Pension Contributions				-
389.00	All Other Unclassified Operating Revenues	265			2,680
TOTAL UNCLASSIFIED OPERATING REVENUES		\$ 265	\$ -	\$ -	\$ 16,780

OTHER FINANCING SOURCES					
391.00	Proceeds of General Fixed Asset Distribution				-
392.00	Interfund Operating Transfers	118,000			214,136
393.00	Proceeds of General Long-Term Debt				-
394.00	Proceeds of Short-Term Debt				-
395.00	Refunds of Prior Year Expenditures	7,950			7,950
TOTAL OTHER FINANCING SOURCES		\$ 125,950	\$ -	\$ -	\$ 222,086

TOTAL REVENUES		\$ 1,656,028	\$ -	\$ -	\$ 3,366,939
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STATEMENT OF REVENUES AND EXPENDITURES December 31, 2011

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue	Capital Projects	Debt Service
GENERAL GOVERNMENT					
400.00	Legislative/Governing Body	5,529			
401.00	Executive/Manager or Mayor	11,291			
402.00	Auditing Services/Financial Administration	3,100			
403.00	Tax Collection	13,491			
404.00	Solicitor/Legal Services	27,769			
405.00	Secretary/Clerk	25,464			
406.00	Other General Government Administration	40,031	1,041		225
407.00	IT Network Services-Data Processing				
408.00	Engineering Services				
409.00	General Government Buildings and Plant	70,718			
TOTAL GENERAL GOVERNMENT		\$ 197,393	\$ 1,041	\$ -	\$ 225

PUBLIC SAFETY					
410.00	Police	438,657			
411.00	Fire	39,858			
412.00	Ambulance/Rescue				
413.00	UCC and Code Enforcement	9,892			
414.00	Planning and Zoning	18,807			
415.00	Emergency Management & Communications	530			
416.00	Militia and Armories				
417.00	Examination of Licensed Occupations				
418.00	Public Scales(weights and measures)				
419.00	Other Public Safety				
TOTAL PUBLIC SAFETY		\$ 507,744	\$ -	\$ -	\$ -

HEALTH AND HUMAN SERVICES					
420-425	Health and Human Services				

PUBLIC WORKS - SANITATION					
426.00	Recycling Collection and Disposal				
427.00	Solid Waste Collection and Disposal		256,367		
428.00	Weed Control				
429.00	Wastewater/Sewage Collection and Treatment				
TOTAL PUBLIC WORKS - SANITATION		\$ -	\$ 256,367	\$ -	\$ -

STATEMENT OF REVENUES AND EXPENDITURES December 31, 2011

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
GENERAL GOVERNMENT				
400.00	Legislative/Governing Body			5,529
401.00	Executive/Manager or Mayor			11,291
402.00	Auditing Services/Financial Administration			3,100
403.00	Tax Collection			13,491
404.00	Solicitor/Legal Services			27,769
405.00	Secretary/Clerk			25,464
406.00	Other General Government Administration			41,297
407.00	IT Network Services-Data Processing			-
408.00	Engineering Services			-
409.00	General Government Buildings and Plant			70,718
TOTAL GENERAL GOVERNMENT		\$ -	\$ -	\$ -
				\$ 198,659

PUBLIC SAFETY				
410.00	Police			438,657
411.00	Fire			39,858
412.00	Ambulance/Rescue			-
413.00	UCC and Code Enforcement			9,892
414.00	Planning and Zoning			18,807
415.00	Emergency Management & Communications			530
416.00	Militia and Armories			-
417.00	Examination of Licensed Occupations			-
418.00	Public Scales(weights and measures)			-
419.00	Other Public Safety			-
TOTAL PUBLIC SAFETY		\$ -	\$ -	\$ -
				\$ 507,744

HEALTH AND HUMAN SERVICES				
420-425	Health and Human Services			-

PUBLIC WORKS - SANITATION				
426.00	Recycling Collection and Disposal			-
427.00	Solid Waste Collection and Disposal			256,367
428.00	Weed Control			-
429.00	Wastewater/Sewage Collection and Treatment	392,503		392,503
TOTAL PUBLIC WORKS - SANITATION		\$ 392,503	\$ -	\$ -
				\$ 648,870

STATEMENT OF REVENUES AND EXPENDITURES December 31, 2011

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue	Capital Projects	Debt Service
PUBLIC WORKS - HIGHWAYS AND STREETS					
430.00	General Services - Administration	29,948			
431.00	Cleaning of Streets and Gutters				
432.00	Winter Maintenance - Snow Removal	13,108			
433.00	Traffic Control Devices	615			
434.00	Street Lighting	26,073			
435.00	Sidewalks and Crosswalks				
436.00	Storm Sewers and Drains	476			
437.00	Repairs of Tools and Machinery				
438.00	Maintenance & Repairs of Roads & Bridges	1,479			
439.00	Highway Construction and Rebuilding Projects		58,033		
TOTAL PUBLIC WORKS - HIGHWAYS AND STREETS		\$ 71,699	\$ 58,033	\$ -	\$ -

PUBLIC WORKS - OTHER SERVICES					
440.00	Airports				
441.00	Cemeteries				
442.00	Electric System				
443.00	Gas System				
444.00	Markets				
445.00	Parking				
446.00	Storm Water and Flood Control				
447.00	Transit System				
448.00	Water System				
449.00	Water Transport and Terminals				
TOTAL PUBLIC WORKS - OTHER SERVICES		\$ -	\$ -	\$ -	\$ -

CULTURE AND RECREATION					
451.00	Culture-Recreation-Administration				
452.00	Participant Recreation	17,349			
453.00	Spectator Recreation				
454.00	Parks	1,448			
455.00	Shade Trees				
456.00	Libraries	4,150			
457.00	Civil and Military Celebrations				
458.00	Senior Citizen Centers	750			
459.00	All Other Culture and Recreation	38,062			
TOTAL CULTURE AND RECREATION		\$ 61,759	\$ -	\$ -	\$ -

COMMUNITY DEVELOPMENT					
461.00	Conservation of Natural Resources				
462.00	Community Development and Housing				
463.00	Economic Development				
464.00	Economic Opportunity				
465-469	All Other Community Development	328,212			
TOTAL COMMUNITY DEVELOPMENT		\$ 328,212	\$ -	\$ -	\$ -

STATEMENT OF REVENUES AND EXPENDITURES December 31, 2011

EXPENDITURES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
		Enterprise	Internal Service	Trust and Agency	Memorandum Only
PUBLIC WORKS - HIGHWAYS AND STREETS					
430.00	General Services - Administration				29,948
431.00	Cleaning of Streets and Gutters				-
432.00	Winter Maintenance - Snow Removal				13,108
433.00	Traffic Control Devices				615
434.00	Street Lighting				26,073
435.00	Sidewalks and Crosswalks				-
436.00	Storm Sewers and Drains				476
437.00	Repairs of Tools and Machinery				-
438.00	Maintenance & Repairs of Roads & Bridges				1,479
439.00	Highway Construction and Rebuilding Projects				58,033
TOTAL PUBLIC WORKS - HIGHWAYS AND STREETS		\$ -	\$ -	\$ -	\$ 129,732

PUBLIC WORKS - OTHER SERVICES					
440.00	Airports				-
441.00	Cemeteries				-
442.00	Electric System				-
443.00	Gas System				-
444.00	Markets				-
445.00	Parking				-
446.00	Storm Water and Flood Control				-
447.00	Transit System				-
448.00	Water System	580,175			580,175
449.00	Water Transport and Terminals				-
TOTAL PUBLIC WORKS - OTHER SERVICES		\$ 580,175	\$ -	\$ -	\$ 580,175

CULTURE AND RECREATION					
451.00	Culture-Recreation-Administration				-
452.00	Participant Recreation				17,349
453.00	Spectator Recreation				-
454.00	Parks				1,448
455.00	Shade Trees				-
456.00	Libraries				4,150
457.00	Civil and Military Celebrations				-
458.00	Senior Citizen Centers				750
459.00	All Other Culture and Recreation				38,062
TOTAL CULTURE AND RECREATION		\$ -	\$ -	\$ -	\$ 61,759

COMMUNITY DEVELOPMENT					
461.00	Conservation of Natural Resources				-
462.00	Community Development and Housing				-
463.00	Economic Development				-
464.00	Economic Opportunity				-
465-469	All Other Community Development				328,212
TOTAL COMMUNITY DEVELOPMENT		\$ -	\$ -	\$ -	\$ 328,212

STATEMENT OF REVENUES AND EXPENDITURES December 31, 2011

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue	Capital Projects	Debt Service
DEBT SERVICE					
471.00	Debt Principal				
472.00	Debt Interest				
475.00	Fiscal Agent Fees				
TOTAL DEBT SERVICE		\$ -	\$ -	\$ -	\$ -

EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS					
481.00	Employer Paid Withholding Taxes & Unemployment Compensation				
482.00	Judgements and Losses				
483.00	Pension/Retirement Fund Contributions	86,104			
484.00	Worker Compensation Insurance				
487.00	Group Insurance and Other Benefits				
EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS		\$ 86,104	\$ -	\$ -	\$ -

INSURANCE					
486.00	Insurance, Casualty and Surety				

UNCLASSIFIED OPERATING EXPENDITURES					
488.00	Fiduciary Fund Benefits and Refunds Paid				
489.00	All Other Unclassified Expenditures				
TOTAL UNCLASSIFIED OPERATING EXPENDITURES		\$ -	\$ -	\$ -	\$ -

OTHER FINANCING USES					
491.00	Refund of Prior Years Revenues				
492.00	Interfund Operating Transfers	10,128	81,376		118,000
493.00	All Other Financing Uses				
TOTAL OTHER FINANCING USES		\$ 10,128	\$ 81,376	\$ -	\$ 118,000

TOTAL EXPENDITURES	\$ 1,263,039	\$ 396,817	\$ -	\$ 118,225
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	\$ (11,115)	\$ 48,082	\$ -	\$ (104,137)
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STATEMENT OF REVENUES AND EXPENDITURES December 31, 2011

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
DEBT SERVICE				
471.00 Debt Principal	444,350			444,350
472.00 Debt Interest	123,329			123,329
475.00 Fiscal Agent Fees				-
TOTAL DEBT SERVICE	\$ 567,679	\$ -	\$ -	\$ 567,679

EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS

481.00 Employer Paid Withholding Taxes & Unemployment Compensation				-
482.00 Judgements and Losses				-
483.00 Pension/Retirement Fund Contributions				86,104
484.00 Worker Compensation Insurance				-
487.00 Group Insurance and Other Benefits				-
EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS	\$ -	\$ -	\$ -	\$ 86,104

INSURANCE

486.00 Insurance, Casualty and Surety				-
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UNCLASSIFIED OPERATING EXPENDITURES

488.00 Fiduciary Fund Benefits and Refunds Paid				-
489.00 All Other Unclassified Expenditures				-
TOTAL UNCLASSIFIED OPERATING EXPENDITURES	\$ -	\$ -	\$ -	\$ -

OTHER FINANCING USES

491.00 Refund of Prior Years Revenues				-
492.00 Interfund Operating Transfers	4,632			214,136
493.00 All Other Financing Uses				-
TOTAL OTHER FINANCING USES	\$ 4,632	\$ -	\$ -	\$ 214,136

TOTAL EXPENDITURES	\$ 1,544,989	\$ -	\$ -	\$ 3,323,070
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	\$ 111,039	\$ -	\$ -	\$ 43,869
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DEBT STATEMENT											
Purpose	Bond(B) Note(N)	Issue Date	Maturity Date	Original Amount of Issue	Outstanding Beginning of Year	Principal Incurred This Year (Additions)	Principal Paid This Year	Current Year Accretion of Compound Interest Bonds	Outstanding Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
GENERAL OBLIGATION BONDS AND NOTES											
WATER SYSTEM IMPROVEMENTS	N	2002	2022	565,000	393,514		143,521		249,993		249,993
WATER SYSTEM IMPROVEMENTS	N	1993	2013	2,037,540	31,829		31,829		-		-
WATER SYSTEM IMPROVEMENTS	N	2006	2026	6,085,274	4,562,901		286,895		4,276,006		4,276,006
REVENUE BONDS AND NOTES											
LEASE RENTAL DEBT/GENERAL LEASES											
CAPITAL IMPROVEMENTS	N	1999	2019	250,000	118,718		13,085		105,633		105,633
PLANT EXPANSION	N	2002	2022	6,223,645	3,957,597		287,744		3,669,853		3,669,853
OTHER											

Total Bonds and Notes Outstanding
Capitalized Lease Obligations
Other Debt
TOTAL OUTSTANDING DEBT

8,301,485
8,301,485

STATEMENT OF CAPITAL EXPENDITURES			
Category	Capital Purchases	Capital Construction	Total
Electric			
Fire			
Gas System			
General Government		31,413	31,413
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Recreation			
Sewer			
Solid Waste			
Streets/Highways		58,033	58,033
Water			
Other (Please specify)			
TOTAL CAPITAL EXPENDITURES			\$ 89,446

EMPLOYEE COMPENSATION	
Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)	\$ 587,275

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INDEPENDENT AUDITOR'S REPORT

September 12, 2012

Borough Council
Borough of Orwigsburg
Orwigsburg, Pennsylvania

We have audited the accompanying financial statements, included in the Department of Community and Economic Development's (DCED) prescribed form, of the Borough of Orwigsburg, Commonwealth of Pennsylvania, as of and for the year ended December 31, 2011. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Borough prepared these financial statements included in the DCED prescribed form using the cash basis of accounting which is permitted by the Pennsylvania Department of Community and Economic Development, Governor's Center for Local Government Services, which practices differ from U.S. generally accepted accounting principles. The effects on the financial statements of the significant differences between the cash basis of accounting and U.S. generally accepted accounting principles are that revenues are recorded when received rather than earned and expenditures are recognized when paid rather than incurred. The Borough does not maintain a general fixed asset account group. As also described in Note 1, the financial statements referred to above, do not include the financial activities of the Orwigsburg Borough Municipal Authority and Orwigsburg Borough Pension Funds. The effects of this departure from generally accepted accounting principles have not been determined.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the Borough as of December 31, 2011, or changes in financial position for the year then ended.

Also, in our opinion the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Borough as of December 31, 2011, and its revenues and expenditures for the year then ended, on the basis of accounting described in the third paragraph above.

This report is intended solely for the information and use of the governing body and management of the Borough of Orwigsburg, Commonwealth of Pennsylvania, and the Schuylkill County Clerk of Courts and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Patton and Lettich". The signature is stylized with a large, flowing 'P' and 'L'.

Patton and Lettich
Certified Public Accountants

**BOROUGH OF ORWIGSBURG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DEFINING THE REPORTING ENTITY

The reporting entity was defined by applying the following criteria, which were established by the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity":

- (A) Financial interdependency
- (B) Selection of governing authority
- (C) Designation of management
- (D) Ability to significantly influence operations
- (E) Accountability for fiscal matters

Upon applying these criteria, it was determined that the Orwigsburg Borough Municipal Authority and the Orwigsburg Borough Non-Uniform and Police Pension Plans should be included in the reporting entity. The Borough has excluded these component units from the reporting entity; however, separate audited financial statements are issued by the Authority and Pension Plans which the reader should consult for more information.

ACCOUNTING METHOD

The Borough's policy is to prepare its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the Commonwealth of Pennsylvania, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The accompanying financial statements do not present as revenues collected the proceeds from sales and redemptions of investments, nor do the statements present as expenditures paid disbursements relative to purchases of investments.

FUND ACCOUNTING

The accounts of Borough are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its cash and investments and revenues collected and expenditures paid. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the accompanying financial statements as follows:

Governmental Funds

General fund is the general operating fund of the Borough. It is used to account for all financial resources except those required to be accounted for in another fund.

BOROUGH OF ORWIGSBURG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

FUND ACCOUNTING – (Continued)

Governmental Funds – (Continued)

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt service funds are established for the purpose of accumulating and segregating resources for the payment of interest and principal on long-term general obligation debt.

Proprietary Fund

Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund

Trust and agency funds are used to account for assets held by the Borough in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable trusts, non-expendable trusts, pension trust, and agency funds. Non-expendable and pension trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable trusts are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations.

Total Column on Combined Statements

The total column on the combined statement of revenues collected, expenditures paid, and changes in cash and investments is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**BOROUGH OF ORWIGSBURG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

INVESTMENTS

Investments are stated at cost, which approximates market.

COMPENSATED ABSENCES

Compensated absences are those for which employees receive pay. A liability is recorded through the use of estimates which apply historical data to current factors. The Borough maintains records of unused absences and applies current and/or contracted compensation rates to the various types of compensated absences.

Non-uniform employees may be paid for 100% of unused sick days at retirement at current compensation rates.

PROPERTY, PLANT, AND EQUIPMENT DEPRECIATION

The Borough has not capitalized all fixed assets purchased in years prior to 2006 or recorded depreciation expense within its Proprietary Funds. Effective in 2006, the Borough changed its policy to capitalize fixed assets and record depreciation within its Water Fund. Estimated useful lives are as follows:

Water Distribution System	15-50 years
---------------------------	-------------

OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS

During 2008, the Borough adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement provides the accounting and reporting requirements for the benefit plans as well as require that public sector employers accrue the cost of any postretirement healthcare or similar benefits (OPEB, other postemployment benefit) they may offer to employees. For the purpose of the financial statements, GASB Statement No. 45 requires that governments account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in the same manner as they currently do for pensions. Accordingly, the Borough's net OPEB obligation for 2011 has been reported within the General Long-Term Debt Account Group. As retroactive application of the measurement requirements of GASB Statement No. 45 was not required, the liability at the beginning of 2009 was zero. The disclosure requirements of GASB Statement No. 45 are included in Note 7.

DATE OF MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 12, 2012, the date that the financial statements were available to be issued.

BOROUGH OF ORWIGSBURG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

Commonwealth of Pennsylvania statutes require that all boroughs establish budgetary systems and approve annual operating budgets. The Borough uses the cash basis of accounting to prepare its annual budgets.

NOTE 3 – DEPOSITS AND INVESTMENTS

DEPOSITS

The Borough is governed by the deposit and investment limitations of state law. The deposits and investments held at December 31, 2011, and reported at fair value are listed below:

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned. The Borough does not have a policy for custodial credit risk on deposits. At December 31, 2011, the carrying amount of the Borough's deposits was \$1,496,492 and the bank balance was \$1,529,829. Of the bank balance, \$799,689 was covered by federal depository insurance and \$730,140 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the Borough's name.

Interest Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. It is the practice of the Borough to limit its interest rate risk by investing in securities with maturity dates under one year.

NOTE 4 – CAPITAL ASSETS

Following is a summary of changes in capital assets during the fiscal year ended December 31, 2011:

	Balance at January 1, <u>2011</u>	<u>Additions</u>	Balance at December 31, <u>2011</u>
BUSINESS-TYPE ACTIVITIES			
Depreciable Assets			
Water distribution system	\$ 5,858,028	\$ -0-	\$ 5,858,028
Accumulated depreciation	<u>(240,707)</u>	<u>(240,707)</u>	<u>(481,414)</u>
 BUSINESS-TYPE ACTIVITIES			
CAPITAL ASSETS, NET	<u>\$ 5,617,321</u>	<u>\$ (240,707)</u>	<u>\$ 5,376,614</u>

BOROUGH OF ORWIGSBURG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 5 – CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of changes in general long-term debt:

	<u>Bank Loan</u>	<u>PennVest Loan</u>	<u>Authority Lease Obligation</u>	<u>Post- Employment Benefits</u>	<u>Compensated Absences</u>	<u>Total</u>
Governmental Activities:						
Balance, January 1, 2011	\$ 393,514	\$ 31,829	\$ 4,076,316	\$ 27,826	\$ 51,827	\$ 4,581,312
Principal Repayments	(143,521)	(31,829)	(300,830)	-0-	-0-	(476,180)
Increase (Decrease)	-0-	-0-	-0-	2,929	6,596	9,525
Balance, December 31, 2011	<u>\$ 249,993</u>	<u>\$ -0-</u>	<u>\$ 3,775,486</u>	<u>\$ 30,755</u>	<u>\$ 58,423</u>	<u>\$ 4,114,657</u>
Business-Type Activities:						
Balance, January 1, 2011	\$ -0-	\$ 4,562,901	\$ -0-	\$ -0-	\$ -0-	\$ 4,562,901
Debt Issued	-0-	-0-	-0-	-0-	-0-	-0-
Principal Repayments	-0-	(286,895)	-0-	-0-	-0-	(286,895)
Balance, December 31, 2011	<u>\$ -0-</u>	<u>\$ 4,276,006</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,276,006</u>

**BOROUGH OF ORWIGSBURG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 5 – CHANGES IN GENERAL LONG-TERM DEBT – (Continued)

GOVERNMENTAL ACTIVITIES

BANK LOAN

During the year ended December 31, 2002, the Borough obtained a bank loan in the amount of \$565,000. The bank loan requires annual payments of \$42,760 with interest at 4.32%, for a term of 20 years.

PENNVEST LOAN

During the year ended December 31, 1993, the Borough expended \$2,037,540 from an approved Pennsylvania Infrastructure Investment Authority (PennVest) loan of \$2,037,540. These funds were used to construct a new water filtration plant and water line extensions. This loan was repaid by the Water Fund. Terms of the loan required repayment over 20 years with interest payable at 1% for the first five years and 1.76% for the remaining 15 years. Principal and interest were payable monthly at \$10,311 for 36 months and \$10,903 for 180 months. This loan was satisfied during 2011.

AUTHORITY LEASE OBLIGATIONS

The Borough's Sewer Fund operates and maintains the sewer system under an April 15, 1964 lease agreement with the Orwigsburg Borough Municipal Authority. Terms of the lease agreement require annual lease payments from the Sewer Fund to the Authority in the amount of \$44,000 through April 15, 2004 until such time as trustee funds were sufficient to repay the principal of and interest on the 1964 Sewer Revenue Bonds. During 2002, the Borough prepaid the remaining amount of \$87,322 to the trustee, and the lease was terminated.

In August 1999, the Authority received a \$250,000 loan from PennVest for capital improvements to the sewer system. The Borough has guaranteed this loan and repayment to the Authority from the Sewer Fund. Terms of the loan call for monthly payments of \$1,186 with interest at 1% for the first five years and \$1,202 with interest at 1.184% for 15 years ending August 2019.

During 2002, the Authority obtained a 20-year loan from PennVest of \$6,223,645 to construct a new sewer treatment plant. As of December 31, 2005, \$5,358,611 had been borrowed for construction costs. Terms of the loan call for monthly payments of \$27,350 beginning January 1, 2006 to October 1, 2008 with interest at 1% and monthly payments of \$27,664 beginning November 1, 2008 to October 1, 2023 with interest at 1.156%. The Borough's Sewer Fund is servicing both loans through rental payments to the Authority of \$33,000 per month. Total rent paid to the Authority in 2011 was \$396,000.

**BOROUGH OF ORWIGSBURG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 5 – CHANGES IN GENERAL LONG-TERM DEBT – (Continued)

BUSINESS-TYPE ACTIVITIES

PENNVEST LOAN

In 2005, the Borough initiated a Water System Improvement Project designed to improve the distribution system and eliminate ongoing water quality concerns.

The Borough accepted permanent financing of \$5,634,033 from PennVest. The interest rate of the loan was 1.369% during the construction period and the first 60 months of repayment and 2.697% for the remaining months of repayment. Repayment of principal and interest are required in the amount of \$26,292 per month to December 2011 and \$28,910 beginning January 2012 to December 2026.

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest for long-term debt as of December 31, 2011, are as follows:

<u>GOVERNMENTAL ACTIVITIES</u>				
<u>PRINCIPAL</u>				
<u>Year Ending December 31</u>	<u>Bank Loan</u>	<u>Orwigsburg Municipal Authority</u>	<u>Interest Expense</u>	<u>Total</u>
2012	\$ 31,729	\$ 304,329	\$ 53,094	\$ 389,152
2013	33,200	307,870	48,083	389,153
2014	34,654	311,451	43,047	389,152
2015	36,172	315,074	37,905	389,151
2016	37,757	318,741	32,656	389,154
2017-2021	76,481	1,616,094	87,195	1,779,770
2022-2026	<u>-0-</u>	<u>601,927</u>	<u>6,691</u>	<u>608,618</u>
TOTAL	<u>\$ 249,993</u>	<u>\$ 3,775,486</u>	<u>\$ 308,671</u>	<u>\$ 4,334,150</u>

**BOROUGH OF ORWIGSBURG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 5 – CHANGES IN GENERAL LONG-TERM DEBT – (Continued)

Annual Debt Service Requirements – (Continued)

BUSINESS-TYPE ACTIVITIES			
<u>PENNVEST</u>			
<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest Expense</u>	<u>Total</u>
2012	\$ 234,482	\$ 112,439	\$ 346,921
2013	240,886	106,037	346,923
2014	247,463	99,459	346,922
2015	254,220	92,702	346,922
2016	261,162	85,760	346,922
2017-2021	1,416,755	317,857	1,734,612
2022-2026	<u>1,621,038</u>	<u>113,573</u>	<u>1,734,611</u>
TOTAL	<u>\$4,276,006</u>	<u>\$ 927,827</u>	<u>\$ 5,203,833</u>

NOTE 6 – PENSION PLANS

During 1990, the Borough terminated its Uniform and Non-Uniform pension "side" funds by transferring all assets to the Pennsylvania Municipal Retirement System for investment, administration, and preparation of annual financial statements. The Borough does not include the financial statements of the pension plans within the Borough's financial statements.

UNIFORM (POLICE) PENSION PLAN

Plan Description

The Police Pension Plan is funded by payments to the Pennsylvania Municipal Retirement System, an agent multiple employer public employee retirement system.

Funding Status and Progress

The unfunded (overfunded) actuarial accrued liability was computed as part of an actuarial valuation performed as of January 1, 2011 (the latest available).

BOROUGH OF ORWIGSBURG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 6 – PENSION PLANS – (Continued)

UNIFORM (POLICE) PENSION PLAN – (Continued)

Funding Status and Progress – (Continued)

Total unfunded (overfunded) actuarial accrued liability applicable to the Borough's officers was \$(892,095) at January 1, 2011 as follows.

Actuarial Accrued Liability	\$ 804,501
Actuarial Present Value of Assets	<u>(1,696,596)</u>
Unfunded (Overfunded) Actuarial Accrued Liability	<u>\$ (892,095)</u>

Contributions Required and Contributions Made

The Police Pension Plan funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age normal actuarial funding method. The 2011 minimum required pension contribution as determined based on the January 1, 2009 actuarial valuation was \$0. Contributions made by the Borough in 2011 totaled \$0. Total plan assets at December 31, 2011 were \$1,797,827.

NON-UNIFORM PLAN

Plan Description

Prior to 1991, the Borough's Non-Uniform Pension Plan was a split-funded plan (insurance plus side fund). During November 1993, the Borough established its Non-Uniform Pension Plan with the Pennsylvania Municipal Retirement System.

Funding Status and Progress

The unfunded actuarial accrued liability was computed as part of an actuarial valuation performed as of January 1, 2011 (the latest available).

Total unfunded actuarial accrued liability applicable to the Non-Uniform Plan was \$293,262 at January 1, 2011 as follows:

Actuarial Accrued Liability	\$ 1,465,477
Actuarial Present Value of Assets	<u>(1,172,215)</u>
Unfunded (Overfunded) Actuarial Accrued Liability	<u>\$ 293,262</u>

BOROUGH OF ORWIGSBURG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 6 – PENSION PLANS – (Continued)

NON-UNIFORM PLAN – (Continued)

Contributions Required and Contributions Made

The Non-Uniform Pension Plan funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age normal actuarial funding method. The 2011 minimum required pension contribution as determined based on the January 1, 2009 actuarial valuation was \$88,378. Contributions made by the Borough in 2011 totaled \$88,378. Total plan assets at December 31, 2011 were \$398,834.

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

PLAN DESCRIPTION

The Borough of Orwigsburg Retiree Health Care Plan (the Plan) is a single-employer defined benefit healthcare plan administered by Borough Council. The Plan provides postemployment healthcare insurance benefits to eligible police officer retirees of the Borough in accordance with the various labor contracts and personnel policies. Inasmuch as the Plan has no assets, reporting an other employee benefit trust fund in the accompanying financial statements is not required nor was a separate or stand-alone report issued.

FUNDING POLICY

The contribution requirements of plan members and the Borough are established and may be amended by Borough Council, subject to applicable labor contracts and benefits plans. Eligible retirees received \$5,400 annually towards the cost of their healthcare insurance. The length of benefits coverage ranges from the date of retirement for the life of the retired officer or a maximum of eight years, if earlier.

The Borough may contribute the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. For 2011, the Borough made no contributions and instead elected to continue funding on a *pay-as-you-go* basis, which amounted to \$0 for 2011. These costs are recognized as an expense when claims or premiums are paid.

BOROUGH OF ORWIGSBURG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – (Continued)

ANNUAL OPEB COST AND NET OPEB OBLIGATION

For 2011, the components of the Borough's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Borough's net OPEB obligation to the Plan were as follows:.

Annual Required Contribution	\$ 9,248
Interest on Net OPEB Obligation	1,252
Adjustment to Annual Required Contribution	<u>(2,139)</u>
Annual OPEB Cost	8,361
Projected Contributions Made	<u>(5,432)</u>
Increase in Net OPEB Obligation	2,929
Net OPEB Obligation, Beginning of Year	<u>27,826</u>
 Net OPEB Obligation, End of Year	 <u><u>\$ 30,755</u></u>
 Percentage of Annual OPEB Cost Contributed	 64.97%

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of January 1, 2010, the date of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	\$ 80,086
Actuarial Value of Assets	<u>-0-</u>
Unfunded AAL (UAAL)	\$ 80,086
Funded Ratio	0.00%
Covered Payroll	\$ 224,457
 UAAL as Percentage of Covered Payroll	 35.68%

BOROUGH OF ORWIGSBURG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – (Continued)

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of reports amounts and assumptions about the probability of penitential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the Borough are subject to constant changes and modifications as actual results are compared with past expectations and new estimates and assumptions are formed regarding the future. Projections of retiree benefits for financial reporting purposes are based on current plan activities as it is handled by the Borough and the benefits are received by the eligible plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Borough and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2010 actuarial valuation, the individual entry age normal actuarial cost method was used. There were also merit and seniority salary rate increase assumptions taken into consideration and those are detailed in the actuarial study and are based on age. There was also an inflationary rate assumption factored into the calculation. The UAAL is being amortized as a level percentage of active member payroll over a period of 20 years.

NOTE 8 – TAX RATES

The Borough had the following taxes/tax rates in effect for the year ended December 31, 2011:

<u>Tax Type</u>	<u>Millage/Rate</u>	<u>Assessed Valuation</u>
Real Estate	2.84 mills	\$ 186,557
Per Capita	\$10.00/person	22,870
Occupation	\$ 3.90/person	<u>8,919</u>
		<u>\$ 218,346</u>
Discount Period (2.00%)	March 1 through April 30	
Face Period	May 1 through June 30	
Penalty Period (5.00%)	July 1 through December 31	
Delinquent	After December 31	

**BOROUGH OF ORWIGSBURG
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 9 – FUND BALANCES

Beginning Fund Balances were corrected from the 2010 report to the following balances:

General Fund	\$ 35,930
Special Reserve Funds	902,011
Debt Service Fund	186,275
Proprietary Funds	<u>1,413,906</u>
 TOTAL	 <u>\$ 2,538,122</u>